FACTORING INDUSTRY ALERT

How Factoring Companies Are Losing Money to Invoice Fraud

What's draining your portfolio, and the three fixes that stop it first.

THE SCOPE

Invoice Fraud Is Quietly Bleeding the Industry Dry

0%
of companies reported invoice fraud in 2024

$22K
average loss per incident across the industry

€3.8T
global factoring market, even 0.1% lost = billions

⚠ The IFA named **synthetic-identity fraud** and **duplicate invoicing** the top threats of 2025. When a factor funds a fraudulent invoice, the money is often gone before anyone notices.

HOW THEY DO IT

3 Schemes Draining Factoring Companies

Fictitious Invoices

Clients invoice for goods never delivered. Schemes start small, build trust over months, then scale rapidly.

Duplicate Financing

The same invoice sold to multiple factors simultaneously. No shared database means no one catches it. *Greensill Capital and TransCare Corporation, cited cases.*

Client–Debtor Collusion

Both parties fabricate paperwork. Verification calls confirm the fraud. The hardest scheme to detect, and the most expensive.

EARLY WARNING SYSTEM

5 Red Flags Most Factors Miss

Two or more on the same account, trigger a deep review immediately

- **Sudden volume spikes** from an established client with no business explanation
- **Invoices without supporting documents**, no bills of lading, no rate confirmations
- **Client resists providing** independently verifiable debtor contact details
- **Payments from accounts that don't match** the named debtor on file
- **Growing gap** between invoiced amounts and verified receivables

WHAT TO FIX FIRST

Three Priority Actions to Protect Your Portfolio

1

Pre-Purchase Verification

Verify before you fund, every transaction, every client

2

Portfolio Audits

Random, ongoing KYC, behavioral baselines catch schemes weeks early

3

Adopt AI Detection

Flag duplicates, synthetic IDs, and anomalies before money moves

THE WINNING FORMULA

Manual Processes Can't Keep Up.
AI + Analysts Can.

AI Agent

Scans entire portfolio in seconds. Flags duplicate invoice numbers, shell company patterns, and amount deviations from historical baselines.

+

Domain Analysts

Interpret edge cases AI can't judge. Prevent false positives that slow legitimate funding. Make the final call on borderline accounts.

The two tracks run **concurrently, not sequentially,** validating each other in real time. This is the **Power of Parallel.**

Invensis

Stop Writing Off Losses.
Start Running Parallel.

With 20+ years in AI-enabled BPM for US & European factoring companies, Invensis runs **AI agents and domain analysts in parallel**, delivering pre-purchase verification, portfolio audits, and fraud detection simultaneously. That is the **Power of Parallel.**

20+	US & EU	AI+
YEARS EXPERIENCE	MARKETS SERVED	ANALYST PARALLEL

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